

# OECD ECONOMIC SURVEYS

## LUXEMBOURG

ISSN 0376-6438, e-ISSN 1609-7513

November 2022

[Consulta en línea desde Intranet](#)

Foreword	3
Executive summary	10
<b>1 Key Policy Insights</b>	<b>15</b>
Luxembourg rebounded strongly from the pandemic but is facing new risks	18
The post-COVID-19 recovery has been strong, but high inflation creates significant risk	18
Growth will slow down in 2022-23 and risks are on the downside	23
Financial sector risks are rising	26
Fast-rising housing prices pose challenges	26
Financial risks need to keep being closely monitored	29
The fight against money laundering has been given greater prominence	30
Fiscal policy should be used to tackle long-term challenges	32
Significant fiscal policy support has been provided, but debt remains low	32
The fiscal framework's resilience to shocks can be increased	35
Ageing costs from pensions are the largest long-term fiscal liability	38
A higher supply of labour and lifelong learning are required for sustained growth	44
Augmenting labour participation of older workers will be required to increase supply	45
Attracting non-EU foreign workers to help fill vacancies	47
The quality of the labour supply can be improved with more training and active participation of the unemployed and women	48
Lifelong learning will be important to ensure skills adapt to changing needs	51
Faster productivity growth is critical for long-term resilience and economic diversification	53
Investment spending, in particular on R&D, could be increased to support more innovation	55
Improving ICT adoption can boost productivity for SMEs	58
Lifting regulatory restrictions will help increase allocative effectiveness	61
References	67
<b>2 Securing a dynamic and green economy</b>	<b>80</b>
The foundations for greener growth are in place, but efforts need to accelerate	81
A bird's eye view of green transition challenges in Luxembourg	81
Greenhouse gas emissions require specific attention	84
An ambitious green transition strategy has been put forward to speed up change	88
The transition requires careful management and high levels of resilience	92
Physical changes from the climate can pose risks for public and private infrastructure	92
The transition risks for firms and households should be manageable	93
The financial sector is significantly exposed to transition risks	100
A policy framework to support the green transition	102
Climate objectives should be integrated across key government policies	104

The policy planning framework could better incorporate uncertainty	105
A uniform, rising carbon price path can anchor incentives to lower emissions	110
Regulations can complement carbon prices, but need to be well-designed	117
Subsidies should be targeted towards high-cost upfront investments	119
Coordinating policies on housing and transport can reinforce the transition	121
Agriculture needs to be more environmentally friendly	135

References	140
------------	-----